

Message Text

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44

ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-03 INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-03 LAB-06 SIL-01 OMB-01 DODE-00 PA-04

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FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 6141

INFO AMEMBASSY LONDON

AMEMBASSY VIENNA

AMCONSUL KADUNA

USMISSION OECD PARIS

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E.O. 11652 : NA

TAGS : ENRG, OPEC, NI, PFOR, ETRD

SUBJ : NIGERIAN /CALLS FOR NEW PARTNERSHIPS WITH GOVERNMENTS
OF INDUSTRIALIZED COUNTRIES

REF : LAGOS 6993, 7041

1. EMBASSY TRANSMITTING BY SEPAIR TEXT OF A SPEECH DELIVERED
SEPTEMBER 7 IN KADUNA BY MINISTRY OF MINES AND POWER PERMSEC
ASIODU WHICH HAS JUST BEEN GIVEN GENERAL DISTRIBUTION IN NIGERIA.
ENTITLED "THE ENERGY CRISIS AND WORLD INFLATION," THE SPEECH
AMPLIFIES MANY OF THE POINTS ASIODU MADE ON TWO OCCASIONS LAST
JUNE AND JULY (REFTELS), E.G. THAT RECENT ENERGY CRISIS NOT
DUE TO OPEC ACTIONS BUT TO LONG-TERM SUPPLY AND DEMAND IMBALANCE,
THAT OIL PRICE RISE HAS CONTRIBUTED VERY LITTLE TO RECENT WORLD
INFLATION (WHICH TRIGGERED BY DEVALUATION OF DOLLAR), THAT
INDUSTRIAL COUNTRIES STILL TAX OIL MORE THAN OPEC COUNTRIES,
THAT IMPORTING COUNTRIES' BALANCE OF PAYMENTS DIFFICULTIES
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OVERESTIMATED.

2. SEPTEMBER 7 SPEECH GOES BEYOND THESE POINTS, HOWEVER, AND DESCRIBES A MAJOR TRANSFORMATION ASIODU BELIEVES IS TAKING PLACE BETWEEN INDUSTRIALIZED COUNTRIES AND SEVERAL LARGE LDC'S WITH ABUNDANT NATURAL RESOURCES SUCH AS NIGERIA. CHEAP ENERGY OR OTHER RESOURCES WILL ATTRACT INDUSTRY TO THE LATTER, AND THEY WILL OBTAIN CAPITAL EQUIPMENT FROM THE INDUSTRIALIZED COUNTRIES IN EXCHANGE FOR OIL AT PRICES AGREED IN ADVANCE. TO MAKE THESE "NEW PARTNERSHIPS" WORKABLE, ASIODU ARGUES THAT GOVERNMENTS OF INDUSTRIALIZED COUNTRIES WILL IN TURN HAVE TO GUARANTEE PRICES OF CAPITAL GOODS. THIS, HE RECOGNIZES, WOULD REQUIRE WESTERN GOVERNMENTS TO GET MUCH MORE HEAVILY INVOLVED IN TRADE THAN THEY DO AT PRESENT. "THERE SHOULD BE SCOPE", HE CONCLUDES, "FOR THE DEVELOPMENT OF NEW PHILOSOPHIES TO MEET THE NEW REALITIES."

3. ASIODU ALSO ARGUES THAT SUCH A LONG-TERM FRAMEWORK--WITH ITS IMPLIED ACCEPTANCE OF HIGH "EQUITABLE" OIL PRICES--SHOULD MAKE IT "EASIER TO NEGOTIATE BORROWINGS AND SETTLEMENT ARRANGEMENTS OVER TIME TO CUSHION PARTICULAR COUNTRIES AGAINST UNMANAGEABLE PAYMENTS DIFFICULTIES." BUT THE WAST, ACCORDING TO ASIODU, HAS SO FAR SEEMED TO PREFER CONFRONTATION. A CONSUMERS CARTEL WON'T WORK, HE BELIEVES, BECAUSE THERE IS NO SUBSTITUTE FOR OPEC OIL FOR AT LEAST FIFTEEN YEARS.

4. AS HAS ALREADY BEEN REPORTED IN THE PRESS, ASIODU MENTIONED IN THE COURSE OF HIS SPEECH THAT THE NIGERIAN GOVERNMENT WAS PLANNING TO SPEND NEARLY DOL\$8 BILLION (4.9 BILLION NAIRA) IN THE OIL (AND GAS?) SECTOR DURING 1975-80.

5. COMMENT. WE HAVE SEEN LITTLE IN THE PAST YEAR OF THE INTELLECTUAL BRILLIANCE WHICH EARNED ASIODU HIS REPUTATION, BUT HERE HE IS AT HIS MOST ARTICULATE. HIS ARGUMENTS ARE CERTAINLY CONVINCING TO MOST NIGERIANS AND SHOULD BE READ IN WASHINGTON AS AN EXAMPLE OF A VIEWPOINT WIDELY HELD HERE AND PRESUMABLY IN MANY DEVELOPING COUNTRIES. APART FROM HIS INTERPRETATION OF RECENT ECONOMICS, ASIODU'S WORDS CAN BE TAKEN TO BE AN INVITATION TO GOVERNMENTS OF INDUSTRIALIZED COUNTRIES TO CONSIDER BILATERAL AGREEMENTS WHICH WOULD MAINTAIN AN EQUITABLE RELATIONSHIP BETWEEN PRICES OF EXPORTS FROM BOTH SIDES WITHOUT NECESSARILY SPECIFYING IN ADVANCE THE QUANTITIES OF GOODS

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TO BE EXCHANGED.
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